

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814



See Division

November 23, 1988
Letter No.: 88-95

TO: All County Welfare Directors
All County Administrative Officers

SUBJECT: JANUARY 1989 SOCIAL SECURITY TITLE II AND TITLE XVI COST OF LIVING
ADJUSTMENTS (COLA) AND RELATED ISSUES

This letter is to provide all counties with the following information:

- o Instructions for computing the January 1989 COLA for Title II (Retirement, Survivor's and Disability Insurance) benefits.
- o The 1989 SSI/SSP cash grant levels.
- o The 1989 resource limit for both Medi-Cal and Pickle cases.
- o The 1989 Pickle Disregard Computation Chart.
- o The 1989 Medicare Part B Premium Increase to \$31.90.
- o The Federal Benefit Rate (FBR) to be used when determining Pickle Eligibility.
- o The 1989 In Kind Support and Maintenance (ISM) Values for computing Pickle eligibility (Attachment 1 - page 14-11 for update to the new Pickle Manual (to be released shortly)).

Title II (RSDI) COLA

The Social Security Administration (SSA) has advised us that effective January 1, 1989, the Title II COLA is 4 percent. This percent increase applies to all Title II beneficiaries. Therefore, in all Medi-Cal only cases with Title II income, the current benefit amount should be multiplied by 1.04 to compute the 1989 benefit amount. If we are notified that the COLA will not be 4 percent, we will advise you immediately.

For Medi-Cal only individuals who do not pay Medicare Part B premiums, either because they are not eligible for Medicare or they are entitled to Buy-In (in which case the state pays the Medicare Part B premium), the new benefit amount is rounded down to the nearest dollar. This computation will produce the Title II benefit amount to be used in computing the Medi-Cal share of cost for January 1989 and subsequent months. (Example: The current benefit amount is \$210; multiplying by 1.04 equals \$218.40; rounding down to the nearest dollar equals \$218.) This process is the same for Pickle eligibles who do not have a Medicare Part B premium deduction from their Title II benefit check.

For individuals who have their Medicare Part B premium deducted from their Title II benefit check, a two step rounding down process must be followed to accurately determine the new benefit amount.

Step 1:

Add the 1988 Medicare Part B premium (\$24.80) to the net 1988 Title II benefit check to obtain the 1988 gross benefit amount. Multiply this 1988 gross amount by the 1989 cost of living increase (1.04) and round the remaining cents down to the nearest \$0.10 to obtain the 1989 gross benefit amount.

Step 2:

Subtract the 1989 Medicare Part B premium \$31.90 from the 1989 gross benefit amount and round down to the nearest dollar. The remainder will be the January 1989 net benefit amount used to compute the share of cost.

Example:

1988 net Title II benefit check	\$400.00
Plus 1988 Medicare Part B premium	+ <u>24.80</u>
1988 gross Title II benefit amount	\$424.80
Multiply by COLA	x <u>1.04</u>
1989 gross Title II benefit amount	\$425.84
Subtract 1989 Medicare Part B premium	- <u>31.90</u>
Round down to nearest dollar	<u>\$393.94</u>
January 1989 net benefit amount	\$393.00

To determine the countable Title II income for a Pickle applicant who has the Medicare Part B premium deducted, the following computation must be followed:

Step 1:

Same as step 1 described above for all other Medi-Cal beneficiaries with Title II income.

Step 2:

Multiply the 1989 gross benefit amount by the disregard multiplier for January 1989 to determine the amount of countable Title II income.

Example:

1989 gross Title II benefit amount	\$435.45
Disregard multiplier (Dec. 1988 discontinuance)	x <u>.0385</u>
Disregard amount	\$ 16.77
	\$435.45
	- <u>16.77</u>
Round down to next lowest dollar	\$418.68
Total countable income	\$418.00

It should be noted, as in previous years, the SSA applies the COLA to the actual, rather than the rounded, benefit amount. This may result in a \$1.00 discrepancy in the Title II benefits for some beneficiaries and a \$1.00 understated share of cost.

In order to avoid the unnecessary expense of recomputing every Title II case subsequently identified as having an incorrect share of cost solely due to the COLA, counties are authorized instead to correct the share of cost the next time the budget is recomputed, when an income change is reported, or at the annual redetermination. Quality control errors are not cited when the discrepancy between the budgeted income amount and the actual income received by the beneficiary is less than \$5.00.

The Notice of Action you use should advise the beneficiary to contact his/her eligibility worker if the amount of Title II income computed by the county is different from the amount actually received in the January 1989 check.

All cases with Title II income, including AFDC Medically Needy cases which contain Social Security Survivor's Benefits, must have the share of cost adjusted effective January 1, 1989. In the past, the incorrect computation of Title II COLAs has been the source of federal quality control (QC) errors.

SSI/SSP Payment Levels

The SSI/SSP payment levels in effect from January 1, 1989 through December 31, 1989 are provided on the attached chart (Attachment 2 - page 16-1 to be added to your new Pickle Manual). The county should use these

figures in allocating income to or from the SSI/SSP recipient and the Medi-Cal MFBU effective January 1, 1989. These budget computations should be performed at the same time the Title II COLAs are being processed. These payment levels are also to be used effective January 1, 1989 for all Pickle eligibility determinations and redeterminations.

1989 Resource Limits

Effective January, 1989, the resource limit for both Medi-Cal only and Pickle eligibles is increased to \$2,000 for one person and \$3,000 for two. For Medi-Cal only the following also applies, as reflected in Title 22, California Code of Regulations, Section 50420 and in Procedures Section 15 (Attachment 3 - page 15-12 to be added to your new Pickle manual).

Number of Persons	Property Limit
3	3,150
4	3,300
5	3,450
6	3,600
7	3,750
8	3,900
9	4,050
10 or more	4,200

1989 Federal Benefit Rate (FBR)

Individual	\$368
Couple	\$553

1989 Pickle Disregard Computation Chart

Effective January 1, 1989, the attached chart (Attachment 4) is to be used when computing a Title II disregard amount for Pickle eligibles and applicants. We have deleted the multiplier computations on the new Disregard Computation Worksheet (DHS 7029) to avoid printing new forms annually. Therefore, please refer to Attachment 4 when completing the DHS 7029. The revised DHS 7029 will be available to be ordered from the DHS Warehouse by December 1, 1988.

All County Welfare Directors
All County Administrative Officers
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Any questions concerning this letter should be directed to Toni Bailey
(for SOC issues) at (916) 324-4967/ATSS 454-4967 or RaNae Dunne
(for Pickle issues) at (916) 324-4955/ATSS 454-4955.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Attachments

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: December 31, 1989

PICKLE HANDBOOK

Attachment 1

1989 ISM VALUES FOR COMPUTING PICKLE ELIGIBILITY

	<u>Individual</u>	<u>Couple</u>
VTR (not rebuttable)	\$479	\$932
PMV (rebuttable)	143	204

The VTR is the payment level to be used in situations 1 and 2 below. The PMV is the unearned income amount to be added in other situations. The following chart provides the method that must be used for determining Pickle eligibility for individuals and couples in various living arrangements.

<u>HOUSEHOLD SITUATION</u> <u>(LIVING ARRANGEMENT)</u>	<u>PRINCIPLE</u>
1. Living in household of another throughout a month and receiving food and shelter from someone in the household.	Reduce the applicable payment level by one-third (VTR). The VTR is the same as the payment level for a person "living in the household of another".
2. Living in household of another who is providing food and shelter and also receiving ISM from a third party.	Reduce the applicable payment level by one-third (VTR). Exclude third party ISM.
3. Living in own household (ownership or rental liability) and receiving ISM from someone outside the household.	Add PMV to other unearned income.
4. Living in noninstitutional care* situation or group home and receiving ISM from someone outside the household.	Add PMV to other unearned income.
5. Living in household of another and receiving ISM from someone outside the household.	Add PMV.

* All nonmedical institutions including those for education or vocational training. Also, see page 14-3 of ISM section.

PICKLE HANDBOOK

Attachment 2

SECTION 16 — PAYMENT STANDARDS JANUARY 1 THROUGH DECEMBER 31, 1989

	SSI/SSP											
	Independent Living Arrangements			Household of Another			Independent Living Arrangement Without Cooking Facilities			Nonmedical Board and Care		
	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP
INDIVIDUAL:												
Aged or Disabled	602.00	368.00	234.00	479.34	245.34	234.00	667.00	368.00	299.00	678.00	368.00	310.00
Blind	673.00	368.00	305.00	550.34	245.34	305.00				678.00	368.00	310.00
Disabled Minor	477.00	368.00	109.00	354.34	245.34	109.00				678.00	368.00	310.00
COUPLE:												
Aged or Disabled												
• per couple	1,116.00	553.00	563.00	931.67	368.67	563.00	1,246.00	553.00	693.00	1,356.00	553.00	803.00
• per person	558.00	276.50	281.50	465.84	184.34	281.50	623.00	276.50	346.50	678.00	276.50	401.50
BLIND:												
• per couple	1,312.00	553.00	759.00	1,127.67	368.67	759.00				1,356.00	553.00	803.00
• per person	656.00	276.50	379.50	563.84	184.34	379.50				678.00	276.50	401.50
BLIND/AGED OR DISABLED:												
• per couple	1,238.00	553.00	685.00	1,053.67	368.67	685.00				1,356.00	553.00	803.00
• per person	619.00	276.50	342.50	526.84	184.34	342.50				678.00	276.50	401.50

Nonmedical Board and Care

	Minimum	Maximum
TOTAL	\$678.00	\$678.00
Board and Room	290.00	290.00
Care and Supervision	249.00	309.00
Personal and Incidental Needs	79.00	139.00

Federal Benefit Rate (FBR)

INDIVIDUAL	
Aged, Blind, or Disabled	\$368.00
COUPLE	
Aged, Blind, or Disabled	\$553.00

* Independent living arrangement for a disabled minor means living in the home of his/her parents. Household of another is used if both the disabled minor and his/her parent(s) live in the household of someone else, i.e., grandparents, etc.

P I C K L E H A N D B O O K

Attachment 3

RESOURCE ELIGIBILITY

1988 Resource Limits
\$2,000 -- Individual
\$3,000 -- Couple

Pickle persons must be within the resource limit at 12:01 a.m. on the FIRST DAY OF THE MONTH for which eligibility is being determined. If a person is not eligible on the first, he/she is not eligible for the ENTIRE MONTH.

Using information from the MC 210 and the MC 210B, complete the Pickle Resource Worksheet (DHS 7037) to determine resource eligibility. Instructions for completion of the DHS 7037 are attached to the form.

Refer to the following for determining resource eligibility:

- . Resource charts.
- . Life estate and remainder interest tables.

Clarification

1. Possible Pickle Person Living With a Spouse

If both members of the couple are eligible, apply the resource limit for two persons and consider the resources of BOTH spouses (whether owned separately or jointly).

2. Possible Pickle Child

Allow the parents all of the resource exclusions for which they would be eligible if they were the applicants. Consider only the resources of the parent and his/her spouse. This includes, but is not limited to, home, household goods, personal effects, automobile, etc.

After the exclusions are applied, the remaining countable resources are deemed to the possible Pickle child. Where there is more than one possible Pickle child, the resources are deemed equally among those children:

Example

There are two possible Pickle children, and \$500 in parental resources must be deemed to them, deem \$250 to each child.

3. If applicant is ineligible as a possible Pickle person due to excess resources:

1989
 Department of Health Services
 Current Year
 Pickle Persons Title II Disregard Computation Chart

Last SSI/SSP Check Received Between	Multiplier
1/88 and 12/88	.0385
1/87 and 12/87	.0772
1/86 and 12/86	.0891
1/85 and 12/85	.1165
1/84 and 12/84	.1463
7/82 and 12/83	.1752
7/81 and 6/82	.2320
7/80 and 6/81	.3094
7/79 and 6/80	.3958
7/78 and 6/79	.4502
7/77 and 6/78	.4838
4/77 and 6/77	.5125

Instructions
 for
 Current Year
 Title II Disregard Computation Chart

This chart replaces and supersedes all previous Title II disregard computation charts. With this chart the disregard computation process is a one step process instead of the two step process previously required. The steps to be taken to use this chart are outlined below.

1. Determine the current benefit amount.
2. Determine when the last SSI/SSP check was received.
3. Multiply the current benefit amount by the multiplier for the time period the last SSI/SSP check was received.
4. The result is the amount to be disregarded.